

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

: Chapter 11 Case No.

SILICON GRAPHICS, INC., *et al.*,

: 06-10977 (BRL)

Debtors.

: (Jointly Administered)

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**ORDER APPROVING DEBTORS' EMPLOYEE
INCENTIVE PLAN AND OTHER BONUS PROGRAMS**

Upon the Motion, dated July 6, 2006 (the "Motion"), of Silicon Graphics, Inc. ("Silicon Graphics") and certain of its direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"), pursuant to sections 105(a) and 363(b)(1) of title 11 of the United States Code (the "Bankruptcy Code"), for authorization (i) to implement a key employee compensation employee (the "EIP") and (ii) to make payments under certain other bonus and compensation programs (the "Other Bonus Programs"), all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to Wells Fargo

Foothill, Inc., the Debtors' prepetition secured lender, (iii) counsel to the official committee of unsecured creditors appointed in these cases, (iv) counsel to the *ad hoc* committee of the Debtors' senior noteholders, and (vi) all parties on the Master Service List established in accordance with this Court's order, dated May 31, 2006, establishing notice procedures in these chapter 11 cases, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the EIP is hereby approved in all respects and the Debtors are authorized to make all outstanding payments under the Other Bonus Programs; and it is further

ORDERED that the Debtors are hereby authorized, but not required, to execute and delivery any and all instruments and documents and to take any and all actions necessary or appropriate to implement, effectuate and fully perform under and in accordance with the terms of the EIP and the Other Bonus Programs, including, without limitation, making the payments thereunder; and it is further

ORDERED that the payments due under the EIP shall be deemed an allowed administrative expense of the Debtors' estates pursuant to section 503(b)(1)(A) of the Bankruptcy Code; and it is further

ORDERED that the requirement pursuant to Rule 9013-1(b) of the Local
Bankruptcy Rules for the Southern District of New York that the Debtors file a separate
memorandum of law in support of the Motion is deemed satisfied.

Dated: July 27, 2006
New York, New York

/s/Burton R. Lifland

THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE